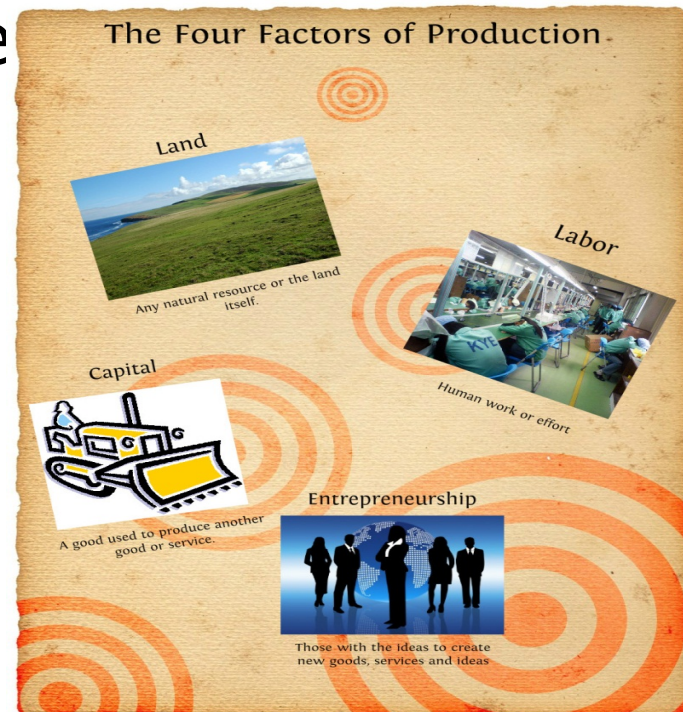


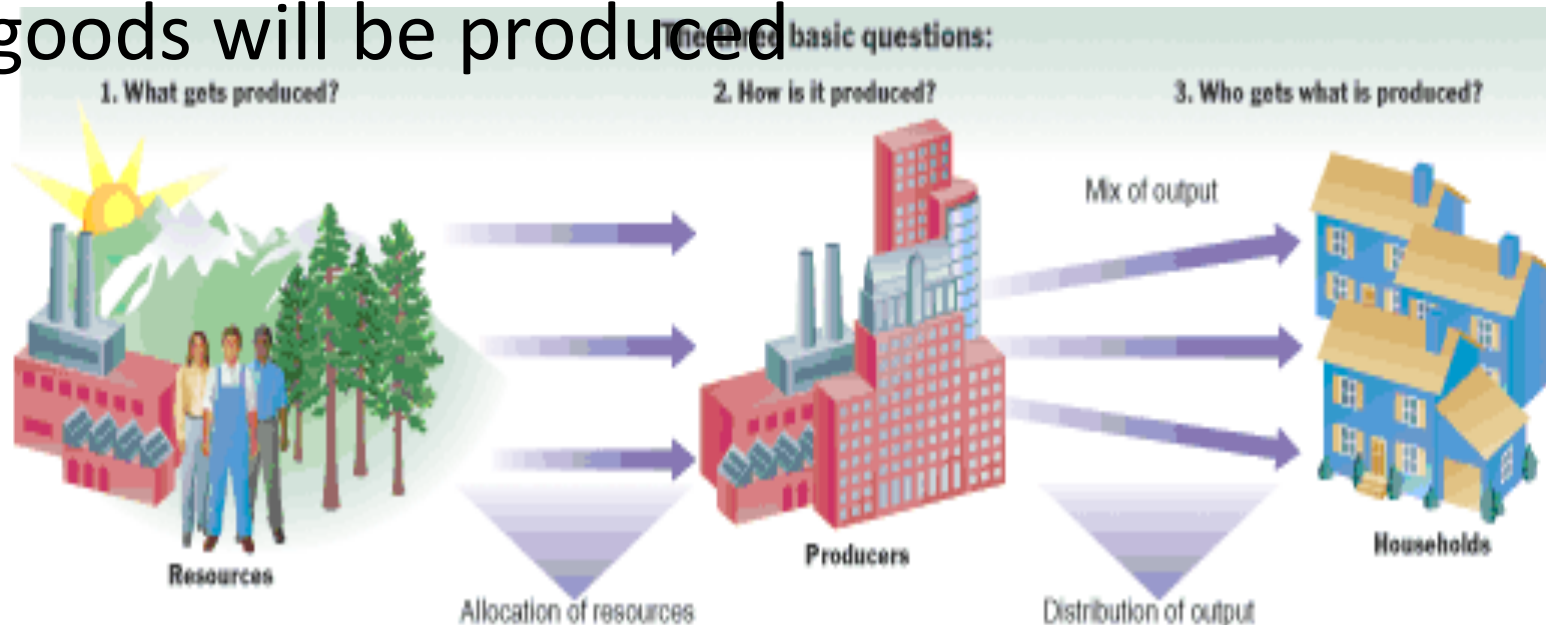
# DO NOW 1/13

- Since only people can exhibit entrepreneurship, why isn't entrepreneurship considered a kind of labor? In short why are there not only three re and capital?



# Three Economic Questions

Goods are produced in our society everyday – such things as TV's, Laptops, furniture, tractors, shoes, and so on. Who or what do you think decides what quantities of these goods will be produced



# First Basic Economic Question

- What to produce?
  - I pads vs. I phones
  - Military Weapons vs. health care goods

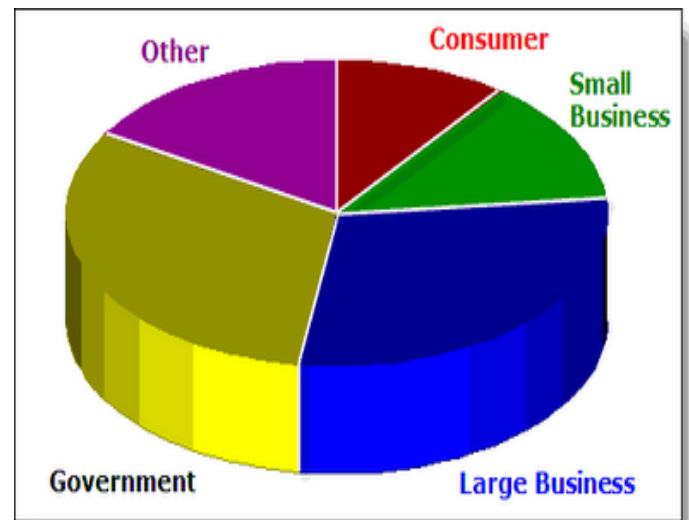


# Second Basic Economic Question

- How to produce?
  - Produce electricity from oil, solar power, or nuclear power

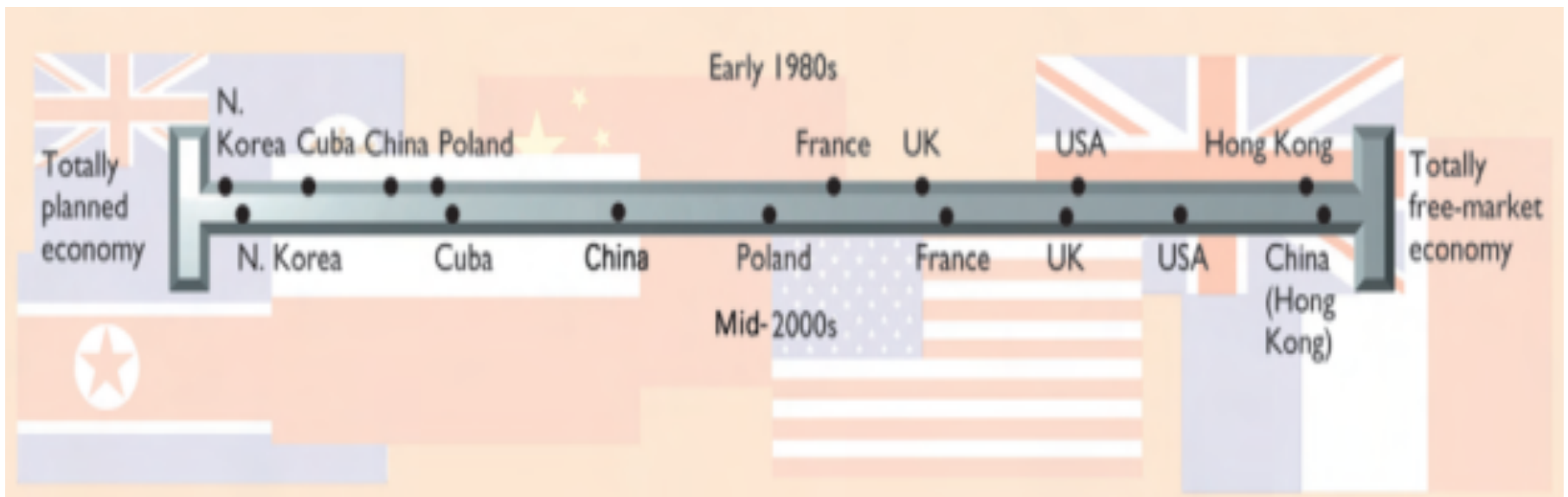
# Third Basic Economic Question

- For whom to produce?
  - How is the economic pie divided?
  - In free market price decides who gets what. “The more you make the more you can have”



# Economic System

–method used to answer the What, How, and for whom questions.



# Types of Economic Systems

- **Free Market:** individuals own most, if not all, the resources and control their use. Government plays a very small role in the economy
- Sometimes called:
  - Free enterprise
  - capitalism

# Types of Economic Systems

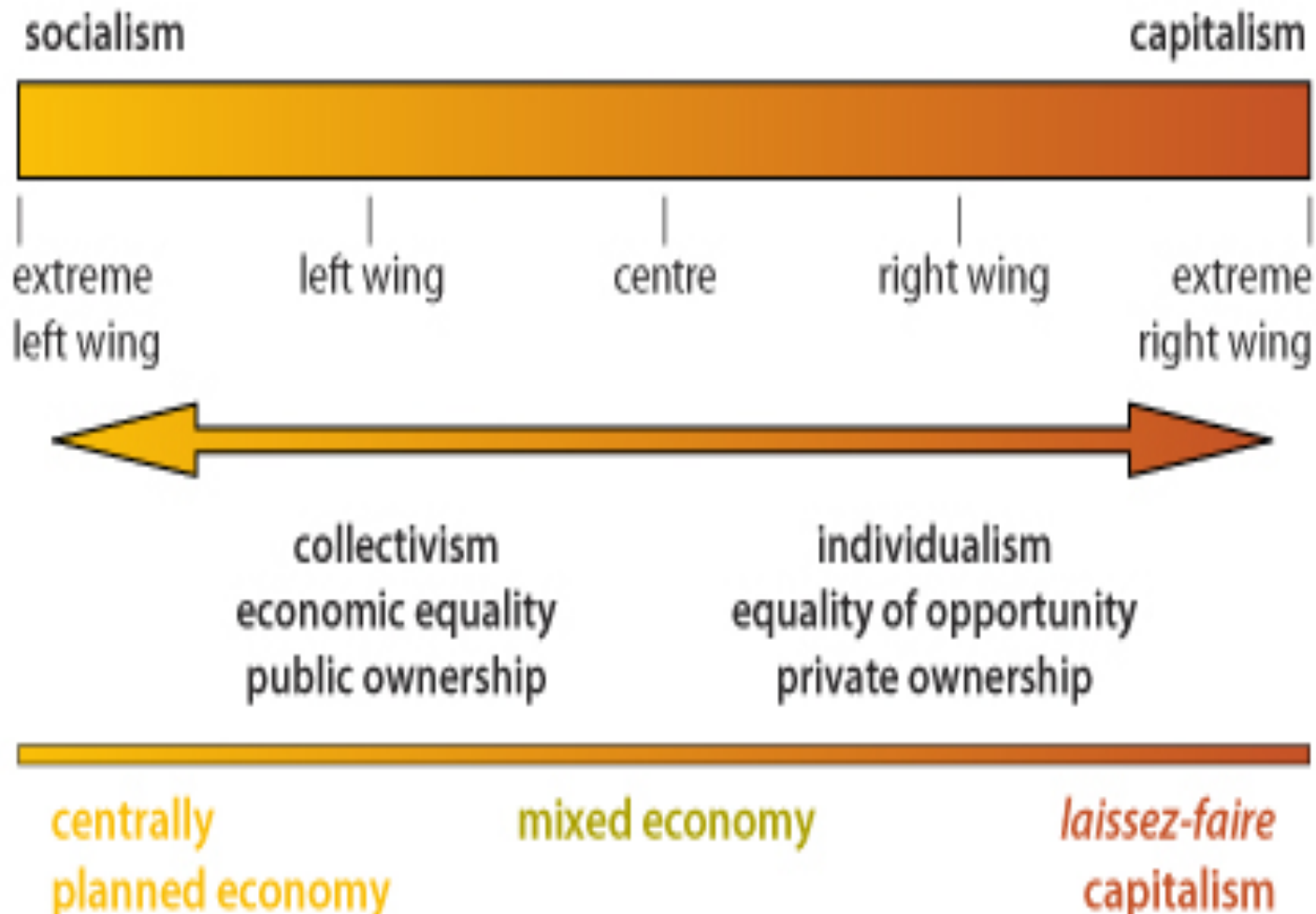
- **Socialism:** government owns and controls many of the resources. Government plays a major role in the economy
- Sometimes called:
  - Command Economy
- They would create an **economic plan**
  - *ie: produce more manufactured goods and less agricultural goods*



# Types of Economic Systems

- **Mixed Economy:** has features of both free market and socialism.
  - In reality most economies are a mix of both

# Economic Spectrum



# Exit Question:

- What are the three basic economic questions every society must answer?
- “The U.S. Economy is a pure free-market economy.” Do you agree or disagree? explain.
- If most economies of the world are mixed economies, does it follow that most economies of the world are the same? Explain your answer.